

**19th
ANNUAL REPORT
2011 - 2012**



6/3, Manoramaganj, Indore - 452 001 (M. P.)

CHOKSI LABORATORIES LIMITED

BRANCHES/LAB

1. 829, GIDC Makarpura,
Vadodara – 390 010 (Gujrat)
2. Gokul Complex, IInd & IIIrd Floor,
101/8 GIDC Char Rasta Vapi
(Gujrat) - 396 195
3. Plot No. 362, Industrial Area
Phase II, Panchkula
(Hariyana) - 134 113
4. Plot No. C-18 & 20, Phace 1-A,
Verna Industrial Estate.
Verna - 403 722 (GOA)
5. Plot No. 8, 2nd Floor, Siddhivinayak Complex,
Phase - II, Near BDA Complex,
80, Feet Ring Road, Nagarbhavi
Bangalore - 560072, (Karnataka)

SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mill Compound,
L.B.S. Marg, Bhandup (W),
Mumbai -400 078
Tel. No. 25963838 Ext. : 2297
Fax : No. 25946969

BOARD OF DIRECTORS :

Mr. Sunil Choksi - Managing Director
Mrs.Himika Choksi Varma - Jt. Managing Director
Mrs.Stela Choksi - Wholetime Director
Mr.Vyangesh Choksi - Wholetime Director
Mr.Sudarshan Shastri - Independent Non Executive
Mr.Pradip Karmakar - Independent Non Executive
Mr. Satish Joshi - Independent Non Executive
Mr. N. K. Mani - Independent Non Executive

AUDITORS :

PRATEEK JAIN & CO.
Chartered Accountants
212, Shalimar Corporate Centre,
8-B, South Tukoganj, Indore – 452 001 (M.P.)

BANKERS :

Axis Bank, Kamal Palace, Y. N. Road, Indore
UCO Bank, Jawahar Marg, Indore
HDFC Bank
Union Bank of India, Geeta Bhawan, Indore

REGISTERED OFFICE & LABORATORY :

6/3, Manoramaganj,
INDORE- 452 001 (M.P.)

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

FOR ITEM No 5 :

Ms. Khyati Choksi, wife of Vyangesh Choksi (Whole Time Director) holds dual PG - M. Com. and MHA from MS University (Baroda). She has wide industry experience in administration from Hospital to Hallmarking Centers. She has worked with renowned group - Sterling Hospitals and has domain expertise in NABH and NABL guidelines.

Subject to approval of the shareholders by way of special resolution at the ensuing Annual General Meeting, she has been appointed by the Board of Directors of the Company to hold an office or place of profit as a member of management team with a monthly salary of Rs. 40,000/- with the annual increment of Rs. 5000/-.

As per the provisions of section 314 of the Companies Act, 1956 read with those under Director's Relative (Office or Place of Profit) Rules, 2011, holding of office or place of profit, for the payment of remuneration as aforesaid requires consent of the shareholders by way of special resolution as envisaged in section 314 of the Companies Act, 1956 and the Rules thereunder.

Except for Mr. Sunil Choksi, Mrs. Stela Choksi, Mrs. Himika Choksi Varma and Mr. Vyangesh Choksi, none of the other Directors of the Company are concerned or interested in the resolution.

By order of the Board of Directors
For CHOKSI LABORATORIES LIMITED

Place : Indore
Dated : 01.09.2012

SUNIL CHOKSI
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item No. 5 in the above notice is annexed hereto.
3. The register of members and transfer books of the Company shall remain closed from 20/09/2012 to 22/09/2012 (both days inclusive) for the purpose of annual General Meeting.
4. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies to the meeting.
5. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
6. Members / Proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to inform company of any change in their address immediately so as to enable the company to dispatch any further communication at their correct address.
7. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at 6/3, Manorama Ganj, Indore-452001 (M.P.) at least seven days before the date of the Meeting.

By order of the Board of Directors
For CHOKSI LABORATORIES LIMITED

Place : Indore
Date : 01.09.2012

SUNIL CHOKSI
Managing Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure presenting the 19th Annual Report alongwith Audited Accounts for the year ended 31st March, 2012.

Financial Results

	(31.03.2012)	(Rs. In lacs) (31.03.2011)
Operational Receipts	1523.30	1304.15
Other Income	37.63	16.82
Profit/(Loss) on Sale of Fixed Assets	--	(21.71)
Profit before Depreciation, Interest & Tax	417.52	352.02
Depreciation	141.57	110.72
Interest	144.37	65.14
Provision for tax	24.99	51.44
Income Tax Earlier year	(1.25)	0.00
Deferred Tax Liability for Current Year	6.55	6.76
Prior Period Adjustments	0.24	5.20
Net Profit	101.05	112.76
Balance brought forward	859.63	746.87
Balance carried to Balance Sheet	960.68	859.63

OPERATIONS :

During the fiscal year under review the Indian Economy showed signs of slowdown, coupled with the global slowdown that is still prevailing, your Company took various strategic initiatives to improve its volumes, which helped the Company to post positive performance for the year. Company has initiated Bangalore Lab with calibration facilities. Directors are hopeful to give better results in forth coming years.

ISSUE OF EQUITY WARRANTS ON PREFERENTIAL BASIS :

The Company has converted 301263 warrants allotted in FY 2009-10 into equal number of equity shares during the year. Further, out of 800000 warrants, allotted in FY 2010-11, 500000 warrants were converted into equal number of fully paid up equity shares of Rs. 10/- each after receiving balance payment due thereon and another 300000 warrants out of total 800000 Warrants in which balance payment not recived in stipulated time period, consequently amount already paid towards allotment of 300000 warrants were forfeited by the Company and said warrants were cancelled.

No change in control, in the company will occur due to this preferential allotment.

CONVERSAION OF EQUITY WARRANTS INTO EQUITY SHARES:

During the period under review, Company has converted 801263 warrants in to Equity Shares of Rs.10/- each after obtaining principal approval from Bombay Stock Exchange.

DIVIDEND :

The Board of Directors, in order to conserve the resources of the Company and to maintain the liquidity have decided not to declare any dividend for the year ended 31st March, 2012.

PUBLIC DEPOSITS:

The Company has not invited/accepted public deposit within the meaning of section 58A of the Companies Act, 1956 and rules made thereunder, during the year under review.

DIRECTORS

Shri Satish Joshi and Shri N. K. Mani Independent, Non-executive Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Board recommends their reappointment as directors of the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :-

- (i) In the preparation of the annual accounts, the applicable accounting standard have been followed and that there are no material departures.
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS :

Report on Corporate Governance and Management Discussion and Analysis Report, in terms of Clause 49 of the Listing Agreement are annexed and form part of this Annual Report. A certificate from the Auditors confirming compliance with the conditions of Corporate Governance is also annexed.

DEMAT STATUS

The Company's shares are presently held in both electronic and physical modes.

PARTICULARS OF EMPLOYEES

There was no employee in the Company who was employed throughout the financial year or for part of the financial year was in receipt of remuneration whose particulars, if so employed, are required to be included in the report of Directors in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The requisite particulars required to be furnished under Section 217(a) (e) of the Companies Act, 1956 regarding energy conservation technology absorption and R & D are not applicable, since the Company is not engaged in any manufacturing or processing activities.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange out go : a. Imports Rs. 1716644/- b. Travelling Rs.669143/- c. Membership Fees Rs. 52010/-.

Foreign Exchange Earnings : Rs. 434734/-.

AUDITORS REPORT :

The Auditors, in their report have referred to the Notes forming part of the Account, the notes are self explanatory and need no comments.

AUDITORS:

M/s. Prateek Jain & Co. Chartered Accountants, Indore, Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT:

The Directors acknowledge with gratitude the co-operation and confidence reposed by the Company's Bankers, Shareholders, Customers and Suppliers. Your Directors also wish to place on record their sincere appreciation of devoted services rendered by the employees of the Company for its success.

On behalf of the Board

Place : Indore
Date : 30.05.2012

SUNIL CHOKSI
Managing Director

VYANGESH CHOKSI
Whole time Director

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The year has been marked with low Industrial Growth of 3.9, GDP growth of 6.88. (Figures from Databook for DCH) coupled with high inflation and high bank lending interest rates. Amid these circumstances CLL has witnessed 16% overall growth. Sectors like Pharmaceutical, Agro and Agro Chemicals, Packed Food Industry and Environment Monitoring has grown in the last financial year. Company has started its calibration operation in Bangalore from May 2011. The facility and service scope will be expanded in forthcoming year. The facility is intended primarily for aviation and power segment which would require state of the art instrumentation and considerable investments in the following year.

B. OPPORTUNITIES AND THREATS

Slowing industry and overall Indian economy coupled with fear of few of EU countries defaulting has overshadowed the overall outlook. Company would be focusing on both export market as well domestic for agro commodities and pharmaceutical. Two of the laboratories in the year 2011-2012 have been approved by FSSAI, which would enable the company to analyse the domestic as well as imported food items. Other existing laboratories may be expanded for a similar operation in the forthcoming year. This would mean additional credit exposure but improving the top lines of individual branch laboratories and considerable jump to the service offerings and the overall financial growth of the company.

C. OUTLOOK

The outlook for the Company stands promising. CLL now covers central, western, northern as well as southern India. The new facilities for southern India at Goa and Bangalore are expected to improve considerable in the coming years. Company is poised to continue an upward trend.

D. SEGEMENT- WISE PERFORMANCE:

The Company is engaged in the sole segment of analysis. Company is not involved in manufacturing, exports or trading of any commodity.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, which provides adequate safeguards and effective monitoring of the transactions and ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition. The Company has an internal audit system, which ensures that the Company's control mechanism is properly followed and all statutory requirements are duly complied with. An audit committee of the Board of Directors comprising of non-executive directors regularly reviews the audit plans, adequacy of internal control as well as compliance of accounting standards.

F. FINANCIAL AND OPERATIONAL PERFORMANCE:

High lending rates and high credit exposure coupled with recurring nature expense outflow for new branches resulted in lower than expected profit margins. This is expected to improve in forthcoming year with better top lines and bottom lines for the newly added branches. For details, refer "Directors' Report".

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

We have ensured safe and healthy working conditions in all of the Laboratory Set-ups and have continued with our policy to ensure safe and healthy working conditions taking into account of health and safety of all concerned, besides conservation of natural resources and protection of the environment. A major factor the continued growth of your organization is the constructive support of Banks, Institutions, Suppliers, Executives, employees, creditors and the confidence shown by them in the Company. Employer-Employee relations in all the offices of the Company were cordial throughout the year under review. As at March 31, 2012, the Company had workforce of approximately 225 plus persons, including managers, scientist and support staff members.

H. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward Looking Statements". Actual results may differ materially from those expressed or implies. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand / supply, effect of political situations, change in the Government regulations, tax laws and other statutes and incidental factors over which the Company does not have any control.

On behalf of the Board

Place : Indore
Date : 01.09.2012

SUNIL CHOKSI
Managing Director

VYANGESH CHOKSI
Whole-time Director

CORPORATE GOVERNANCE REPORT

The philosophy of Corporate Governance is to enhance the long term economic value of the company. Its stakeholders and the society at large by adopting practices in fair and transparent manner by aligning interests of the company with shareholders and other key stakeholders.

Board of Directors

Composition of the Board

Board comprises of 4 independent and 4 Executive Promoter Director (including Executive Chairman)

Director	Executive/Non-executive/Independent	No. of outside Directorship(s) held		
		Public Companies	Pvt. Companies	Section 25 Companies
Mr. Sunil Choksi	Executive/Promoter	---	1	---
Mrs. Stela Choksi	Executive/Promoter	---	---	---
Mr. Sudarshan Shastri	Independent	2	3	---
Mrs. Himika Choksi Varma	Executive/Promoter	---	---	---
Mr. Vyangesh Choksi	Executive/Promoter	---	4	---
Mr. Pradip Karmakar	Independent	---	---	---
Mr. Satish Joshi	Independent	---	---	---
Mr. N. K. Mani	Independent	---	---	---

Director's Interests in the Company and Attendance Record

Particulars of relationship between Directors inter-se, sitting fees paid to them and details of meetings attended by them are as under :

Director	Category	Sitting Fees paid during the year	No. of Board Meeting during the year		Attended Last AGM held on 30-07-2011
			Held	Attended	
1. Mr. Sunil Choksi	Promoter	NIL	8	3	Yes
2. Mrs. Stela Choksi	Promoter	NIL	8	2	Yes
3. Mr. Sudarshan Shastri	Independent	8000	8	4	Yes
4. Mrs. Himika Choksi Varma	Promoter	NIL	8	-	No
5. Mr. Vyangesh Choksi	Promoter	NIL	8	7	Yes
6. Mr. Pradip Karmakar	Independent	2000	8	1	No
7. Mr. Satish Joshi	Independent	2000	8	1	No
8. Mr. N. K. Mani	Independent	6000	8	4	No

During the financial year 2011-12 Eight (8) Board Meeting were held on the following dates:

- | | | | |
|---------------|---------------|---------------|---------------|
| 1) 07.05.2011 | 2) 30.07.2011 | 3) 20.09.2011 | 4) 24.10.2011 |
| 5) 03.11.2011 | 6) 30.01.2012 | 7) 19.03.2012 | 8) 25.03.2012 |

Note on Directors re-appointment

Mr. Satish Joshi and Mr. N. K. Mani the Directors of the Company is retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

Information placed before the Board

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management personnel of the Company. A Certificate from the Compliance Officer for the same has been placed before the Board.

Audit Committee

The composition of the Committee is as follows :

- Shri Sudarshan Shastri - Chairman
- Shri Satish Joshi - Member
- Shri N. K. Mani - Member

The Audit Committee met under the Chairmanship of Shri Sudarshan Shastri. During the financial year 2011-2012 Four (4) meetings were held on the following dates:

- 1) 07.05.2011
- 2) 30.07.2011
- 3) 24.10.2011
- 4) 30.01.2012

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudashan Shastri	Chairman	4
Mr. Satish Joshi	Member	1
Mr. N.K. Mani	Member	4

The terms of reference of the Audit Committee inter-alia include the following:

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - b) To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
 - c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
 - d) To review performance of statutory and internal auditors and adequacy of internal control systems;
 - e) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
 - f) To discuss any significant findings made by internal auditors and follow-up thereon;
 - g) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matter to the Board;
 - h) To look into substantial defaults, if any in payments to depositors, debenture-holders, creditors & shareholders.
 - i) Any related party transactions that may have the potential conflict with the interest of the Company.
- In addition to the above, the committee shall have such functions / role / powers as may be specified in the Companies Act, 1956, Listing Agreement with Stock exchanges or any other applicable law.

Remuneration Committee

The Remuneration Committee has been formed to review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of non executive and independent Directors.

During the financial year 2011-2012 one (1) meeting were held on 20.09.2011 to review remuneration relative of whole time Directors of the Company.

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudarshan Shastri	Chairman	1
Mr. Pradip Karmakar	Member	1
Mr. N.K. Mani	Member	1

Details of remuneration paid/payable to directors for the year ended March, 2012 are as follows:
(Amount in Rupees)

Name of the Director	Designation	Business relationship with Company	Sitting Fees	Salary and Perquisites	Commis-sion	Total
Mr. Sunil Choksi	Chairman-cum- Managing Director	Promoter	-	19,20,000	-	19,20,000
Mrs.Stela Choksi	Whole time Director	Promoter	-	15,00,000	-	15,00,000
Mrs.Himika Choksi Varma	Joint Managing Director	Promoter	-	-	-	-
Mr. Vyangesh choksi	Whole time Director	Promoter	-	14,40,000	-	14,40,000
Mr. N.K. Mani	Non Executive / Independent	Independent	6,000	-	-	6,000
Mr. Sudarshan Shastri	Non Executive / Independent	Independent	8,000	-	-	8,000
Mr. Pradip Karmakar	Non Executive / Independent	Independent	2,000	-	-	2,000
Mr. Satish Joshi	Non Executive / Independent	Independent	2,000	-	-	2,000

The remuneration to the executive directors is being paid as per the recommendation of Remuneration Committee and approval of the shareholders at the general body meeting.

Salary and perquisites includes provident Fund and Gratuity etc.

Shareholders Grievance Committee

The Company has set up a "Shareholders Grievance Committee" to look into various issues relating to investors Grievances.

During the financial year 2011-2012 Four (4) meetings were held on the following dates:

- 1) 07.05.2011
- 2) 30.07.2011
- 3) 24.10.2011
- 4) 30.01.2012

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudashan Shastri	Chairman	4
Mr. Satish Joshi	Member	1
Mr. N.K. Mani	Member	4

Name, Designation & Address of Compliance Office:

Mr. Kishore Bhawsar, Dy. General Manager
6/3, Manoramaganj, Indore - 452 001
Email at compliance_officer@choksilab.com

During the year the Company received 0 (Nil) complaints from its shareholders and resolved all of them within 30 days and as on 31.03.2012 no complaint is pending beyond 30 days.

GENERAL SHAREHOLDERS INFORMATION

(1) Address for Investor’s Correspondence :

Mr. Kishore Bhawsar, Compliance Officer, 6/3, Manoramaganj, Indore - 452 001 Email at compliance_officer@choksilab.com
Or

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W), Mumbai -400 078

Email at rnt.helpdesk@linkintime.co.in Tel. No. 25963838 Ext. : 2297 Fax : No. 25946969

(2) Listing on Stock Exchanges

The Equity Shares of the Company are presently listed with

The Bombay Stock Exchange Ltd., Mumbai

M. P. Stock Exchange, Indore

(3) Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mill Compound,

L.B.S. Marg, Bhandup (W), Mumbai -400 078

Tel. No. 25963838 Ext. : 2293 Fax : No. 25946969

(4) Share Transfer System

The shares are held both in Physical & demat Form :

The share transfers in physical form are processed and the Demat option letter is dispatched to shareholders. If the Demat option letter is not received from DP for dematerialization the share certificates are returned within stipulated time. Demat requests are normally confirmed within 15 days from date of receipt.

(5) Share price at BSE for the FY 2011-12

Month	Year	High (Rs.)	Low (Rs.)
April	2011	17.50	14.16
May	2011	16.35	12.89
June	2011	19.95	13.53
July	2011	18.00	13.65
August	2011	17.50	12.00
September	2011	14.78	12.00
October	2011	14.52	10.75
November	2011	13.20	9.85
December	2011	11.00	8.26
January	2012	12.45	8.75
February	2012	16.88	11.75
March	2012	15.25	9.90

(6) Distribution of shareholding as on 31.03.2012

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share Holding
1 to 500	3279	76.08	785375	11.78
501 – 1000	565	13.11	497092	7.46
1001 – 2000	228	5.29	365975	5.49
2001 – 3000	74	1.72	191008	2.87
3001 – 4000	38	0.88	133081	2.00
4001 – 5000	31	0.72	148599	2.23
5001 – 10000	48	1.11	359729	5.40
10001 – 999999	47	1.09	4184404	62.78
Total	4310	100.00	6665263	100.00

- **Dematerialization of shares** : As on 31st March, 2012 all the shares of the company are in dematerialized form except 2737278 shares.

(7) Categories of Shareholding as on 31.03.2012

S.No.	Category	No. of Shares	%
1.	Promoters & Directors	1880813	28.22%
2.	Individuals / Others	3099881	46.50%
3.	Body Corporate	1662695	24.95%
4.	Mutual Funds & Nationalized Banks	---	--
5.	NRI's, OCB's	21874	0.33%
	TOTAL	6665263	100.00%

(8) Annual General Meetings

The Annual General Meetings of the Company for the last three years were held at Registered Office. On the following dates :

Year	Date	No. of Special Resolutions
31.03.2011	30.07.2011	NIL
31.03.2010	06.09.2010	1
31.03.2009	06.08.2009	NIL

In the above meetings, no postal ballots were used/invited.

(9) Financial Calendar F.Y. 2012-13 (Tentative)

Board meeting for first three quarters ending on 30 th June'12, 30 th Sept.'2012 and 31 st Dec.'2012	On or before 45 th day from the end of Quarter
Board Meeting for Last quarter ending on 31 st March 2013	On or before 31 st May'2013
Annual General Meeting for FY 2012-13	On or before 30 th Sept.'2013
Book Closure dates	25/09/12 to 27/09/12 (both day inclusive)
Date time & Venue of the Annual General Meeting for the Company for FY 2011-12 At the Registered office on 27 th September, 2012 at 11:00 a.m.	

(10) Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company does not have any outstanding instruments GDRs/ADRs or any convertible instruments as on 31.03.2012.

(11) Means of Communication

- The Company publishes quarterly unaudited and annual audited results in two news papers i.e. (1) Free Press (2) Choutha Sansar and same has been intimated to both Stock Exchanges immediately after approval of the Board.
- The Company also informs by way of a press release, all matters, which in its opinion are material and of relevance, to the shareholders of the Company.
- The quarterly and half yearly results of the Company are made available at the web site of the Company at www.choksilab.com
- Management discussion and analysis report is forming part of this report.

(12) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total numbers of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(13) Project Locations

Registered Corporate Office & Central Laboratory

at 6/3 Manoramaganj, Indore M.P. – 452 001 - India

Branch at Vadodare

At 829, GIDC, Makarpura Vadodara (GUJ.) – 390 010 – India

Branch at Vapi

At IIInd & IIIrd Floor, Gokul Complex, 101/8 GIDC – Char Rasta Vapi (GUJ.) – 396 195 – India

Branch at Panchkula

At Plot No. 362, Industrial Area, Phase – II Panchkula (HARYANA) – 734 112 - India

Branch at Goa

C-18 & 20, Verna Industrial Estate Phase – 1A, Verna (GOA) – 403 722 - India

Branch at Bangalore

Plot No. 8, 2nd Floor, Siddhivinayak Complex, Phase II, Near BDA Complex, 80, Feet Ring Road, Nagarbhavi
Bangalore - 560072, (Karnataka)

(14) Compliance

Mandatory Requirements:

The Company has fully complied with the applicable mandatory requirements of clause 49 of the Listing Agreement.

Adoption of Non-Mandatory Requirements:

A Remuneration committee has been constituted in accordance with the requirements of the Listing Agreement. The committee decided/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders)

The Chairman and Managing Director of the Company give annual certification on the financial reporting and internal controls to the Board of Directors in terms of Clause 49 of the Listing Agreement. The Chairman and Managing Director also give quarterly certification on the financial results while placing the financial results before the Board of Directors in terms of Clause 41 of the Listing Agreement

(15) Disclosures

- Details of transactions of a material nature of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in note 10 of Schedule “17” attached to the accounts. There is no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets or imposition of penalties or strictures by SEBI or the Stock Exchanges or any other Statutory Authority during last three years.
- None of the employee of the Company was denied access to the Audit Committee during the year.
- Company has complied with all mandatory requirements of the Listing Agreement and also adopted the non-mandatory requirements wherever required.

Declaration

As provided under clause 49 of the Listing Agreement with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March 2012.

SUNIL CHOKSI

Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Choksi Laboratories Limited.

We have examined the compliance of the conditions of Corporate Governance by Choksi Laboratories Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PRATEEK JAIN & CO.
Chartered Accountants
(Registration No. 009494C)

Place : Indore
Date : 30-05-2012

(Prateek Jain)
Proprietor
M. No. 79214

**AUDITORS' REPORT
TO THE MEMBERS OF CHOKSI LABORATORIES LIMITED**

1. We have audited the attached Balance Sheet of **Choksi Laboratories Limited**, as at **31st March 2012**, the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - (iii) The Balance Sheet , Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ;
 - (v) On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the "Profit" for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PRATEEK JAIN & CO.
Chartered Accountants
(Registration No. 009494C)

Prateek Jain
Proprietor
M.No. 79214

Place : Indore
Date : 30-05-2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. This being a service rendering Company, there are no Manufacturing Activities in the Company, the only inventory for the Company is Chemicals which are used & consumed for testing purposes. Since its inception, the Company follows the practice of charging to revenue, the purchases of chemicals in the year of purchase itself. Due to this reason, and considering the nature of volatility of the item, as per the explanations given to us, no inventory register is maintained for the same. Hence we are unable to express our opinion on Clause 2 of the CARO, 2003.
3. The Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, but during the year, the Company has taken loan from 2 such parties. The maximum amount involved during the year was Rs.17.00 Lacs and the year end balance of loans taken from such party was Rs.Nil. The rate of interest and other terms and conditions of the above loans taken by the Company are not prima facie prejudicial to the interest of the Company. However, the Company has given a deposit of Rs.20 Lacs to a party listed in the register maintained under Section 301 of the Companies Act as deposit for office building on rent, which is interest free.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 5 Lacs or more in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for this Company.
9. According to the information and explanations given to us in respect of statutory dues:
 - a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, service tax, cess and other material statutory dues as applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Income Tax, Customs Duty, Service Tax and other material statutory dues in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty which have not been deposited as on 31st March 2012 on account of disputes are given below:

Name of Statute	Nature of dues	Amount involved	Period to which the amount relates	Forum where Dispute is pending
IncomeTax Act. 1961	IncomeTax	576960/-	2008-2009	Commissioner of income Tax (Appeal)

10. The company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or to debenture holders during the year.
12. In our opinion and according to the information and explanations given to us and based on the information available, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities .
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us , the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us , there are no funds raised on a short-term basis which have been used for long term investment, and vice-versa.
18. As per the information placed before us, the Company has allotted 301263 partly paid-up convertible warrants in previous financial year to one party covered under section 301 of the Companies Act, 1956, in financial year 2011-12 said warrants were converted into equal number of fully paid equity shares of Rs.10/- each after receiving full amount due on them and in our opinion the said issue is not prejudicial to the interest of the Company. Further, no fresh issue of any security has been made during the year to the parties covered section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any monies by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For PRATEEK JAIN & CO.
Chartered Accountants
(Registration No. 009494C)

Prateek Jain
Proprietor
M.No. 79214

Place : Indore
Date : 30.05.2012

BALANCE SHEET AS AT 31st MARCH, 2012

Amount in Rs.

PARTICULARS	Note	AS AT 31.03.2012	AS AT 31.03.2011
<u>EQUITY & LIABILITIES</u>			
Shareholder's funds			
Share Capital	1	66,652,630	58,640,000
Reserves and Surplus	2	111,434,137	92,159,030
Money received against share warrants		-	9,105,052
		178,086,767	159,904,082
Non-Current Liabilities			
Long-term borrowings	3	32,073,460	37,810,963
Deferred tax Liability (Net)	4	18,200,930	17,546,019
		50,274,390	55,356,982
Current Liabilities			
Short-term Borrowings	5	27,731,480	36,027,953
Trade Payables	6	13,966,044	17,978,612
Other Current Liabilities	7	31,221,082	22,334,008
Short-term Provisions	8	12,884,271	12,084,703
		85,802,877	88,425,276
TOTAL		314,164,034	303,686,340
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	9	196,108,834	193,500,310
Capital Work-in-progress	10	7,376,799	65,175
		203,485,633	193,565,485
Long-term Loans and Advances	11	930,844	808,699
Other Non-current Assets	12	7,591,608	5,734,760
Current Assets			
Trade receivables	13	54,603,021	48,889,002
Cash and Cash Equivalents	14	16,414,036	12,794,699
Short-term Loans and advances	15	14,299,173	29,225,492
Other Current Assets	16	16,839,719	12,668,203
		54,603,021	48,889,002
TOTAL		314,164,034	303,686,340
Significant Accounting Policies			
Notes on Financial Statements	1 to 30		

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Sunil Choksi
Managing Director

Vyangesh Choksi
Whole - Time Director

Place : Indore
Date : 30.05.2012

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Amount in Rs.

PARTICULARS	Note	AS AT 31.03.2012	AS AT 31.03.2011
INCOME			
Revenue from operations	17	152,329,757	130,415,241
Other Income	18	<u>3,763,528</u>	<u>1,681,520</u>
Total Revenue		<u>156,093,285</u>	<u>132,096,761</u>
EXPENDITURE			
Cost of materials Consumed	19	18,214,668	16,047,015
Employee Benefits Expenses	20	51,459,756	37,173,868
Finance Costs	21	14,437,662	6,513,671
Depreciation and Amortization Expenses	9	14,157,023	11,071,868
Other Expenses	22	<u>44,666,911</u>	<u>43,674,865</u>
Total Expenses		<u>142,936,020</u>	<u>114,481,287</u>
Profit before Tax		13,157,265	17,615,474
Tax expenses			
Income Tax earlier years		(125,299)	-
Current tax		2,498,667	5,143,656
Deferred tax		<u>654,911</u>	<u>676,119</u>
Profit after tax		<u>10,128,986</u>	<u>11,795,699</u>
Less: Prior Period adjustment	22.1	<u>23,957</u>	<u>519,592</u>
Profit for the period		<u>10,105,029</u>	<u>11,276,107</u>
Earnings per equity share of Face Value Rs. 10 each			
Basic		1.67	2.22
Diluted		1.67	2.04
Significant Accounting Policies			
Notes on Financial Statements	1 to 30		

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

Place : Indore
Date : 30.05.2012

For and on behalf of the Board

Sunil Choksi
Managing Director

Vyangesh Choksi
Whole - Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Figures in Thousand)

A. <u>CASH FLOW FROM OPERATING ACTIVITIES</u>	For the year ended 31-03-2012	For the year ended 31-03-2011
Net Profit before Tax as per Profit and Loss Account	13157	17615
Adjusted for		
Depreciation and Amortisation Expense	14157	11072
Finance Costs	14438	6514
Loss on Sale/Discard of Assets (Net)	(10)	2171
Operational Profit before working capital changes	41742	37372
Adjusted for :		
Trade and other receivables	(5714)	(15763)
Trade and other payables	3531	7799
Other current assets	10461	(29579)
Cash generated from Operations	50020	(171)
Direct Taxes Paid (Net)	(6575)	(5594)
Prior Period Adjustment	(24)	(520)
Net Cash from Operating Activities	43421	(6285)
 B. <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(16762)	(58243)
Sale of Fixed Assets	72	2101
Capital Work in Progress	(7377)	(65)
Net cash used in investing activities	(24067)	(56207)
 C. <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Shares Warrants	0	7900
Process from Shares Application Money	8077	11582
Proceeds from Long Term Borrowing (Net)	(1043)	29777
Short Term Borrowings (Net)	(8332)	19569
Interest Paid	(14438)	(6514)
Net cash (Used in)/generated from financing activities	(15736)	62314
 Net Increase (Decrease) in cash and cash equivalents (A+B+C)	3619	(178)
Opening Balance of Cash and Cash Equivalents	12795	12973
Closing Balance of Cash and Cash Equivalents	16414	12795

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Sunil Choksi
Managing Director

Vyangesh Choksi
Whole - Time Director

Place : Indore
Date : 30.05.2012

SIGNIFICANT ACCOUNTING POLICIES:

A) Basis of Preparation of Financial Statements :

- i) The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) Financial statements are based on historical cost and are prepared on accrual basis.
- iii) Accounting policies have been consistently applied by the Company and are in consistent with those used in the previous year.
- iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B) Fixed Assets :

- i) Fixed assets are stated at historical cost of acquisition / construction, net of cost less accumulated depreciation and impairment loss, if any. All costs including financial costs and revenue expenditure till commencement of services, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

Grants/ subsidies received, if any, from Government and others towards cost/ part of the cost fixed asset(s) are reduced from the cost of the respective asset(s) and the net cost incurred by the Company only is carried to the fixed assets block.
- ii) Capital Work-in-Progress: Amounts spent on expansion project are carried at cost under the head Capital Works in Progress. As and when the assets are put to commercial use, cost of the respective asset is capitalized. Besides the direct cost, indirect costs relating to the acquisition and installation of assets incurred till the assets are put to use are capitalized in the proportionate value of assets.
- iii) Depreciation on fixed assets is provided under straight line method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions to assets during the year is provided on pro-rata basis.
- iv) Impairment of Assets : An asset is treated as impaired when the carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

C) Revenue Recognition :

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS - 9, Revenue Recognition.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

D) Employee Benefits :

- i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

E) Prior Period Expenses/ Income :

The Company follows the practice of making adjustments through “expenses/income under/over provided” in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

F) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

G) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

H) Earnings per Share :

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

I) Provision for Current and Deferred Tax :

Provision for Current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing difference” between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

J) Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

K) General :

Accounting policies not specifically referred to above are consistent with the generally accepted accounting principles followed in India.

NOTES ON FINANCIAL STATEMENTS

The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

Amount in (Rs.)

1. SHARE CAPITAL	AS AT	AS AT
	31st March, 2012	31st March, 2011
Authorised Share Capital		
100 Lacs Equity Shares of Rs.10/- each	100,000,000	100,000,000
Issued		
6665263 Equity Share of Rs.10/- Each (Previous year 5933500 Equity share)	66,652,630	59,335,000
Subscribed, Called up and Paid up		
6665263 Equity Shares of Rs. 10/- each including 801263 warrants converted into Equity Shares (Previous year 5864000 Equity Shares of Rs.10/- each)	66,652,630	58,640,000

The details of shareholders holding more than 5% shares

Name of the Shareholder	AS AT		AS AT	
	No. of shares	% held	No. of shares	% held
Sunil Choksi	507,351	7.61	262,251	4.47
Sitashree Food Products Ltd.	500,000	7.50	-	-
Quest Laboratories Pvt. Ltd.	467,200	7.01	467,200	7.97
Unique Powergen Consultants Pvt. Ltd.	467,200	7.01	467,200	7.97
Vyangesh Choksi	447,099	6.71	447,099	7.62
Dhansukhbhai Choksi	404,900	6.07	404,900	6.90

1.2 The reconciliation of the number of shares outstanding is set out below :	AS AT	AS AT
	31st March, 2012	31st March, 2011
	No. of shares	No. of shares
Equity shares at the beginning of the year	5,864,000	4,929,600
Equity Warrants converted into Equity Shares	801,263	934,400
Equity shares at the end of the year	6,665,263	5,864,000

1.3 The company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share. Dividend on equity shares whenever proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

1.4 The Company has converted 301263 warrants allotted in FY 2009-10 into equal number of equity shares during the year. Further, out of 800000 warrants, allotted in FY 2010-11, 500000 warrants were converted into equal number of fully paid up equity shares of Rs. 10/- each after receiving balance payment due thereon and another 300000 warrants out of total 800000 Warrants in which balance payment not received in stipulated time period, consequently the amount already paid towards allotment of 300000 warrants were forfeited by the Company and the said warrants were cancelled.

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	393,000	393,000
Add: Money received against equity share warrants forfeited	1612500	-
	2,005,500	393,000
Securities Premium Reserve		
As per last Balance Sheet	5,802,900	196,500
Add: Premium received on issue of equity shares warrants	7,557,578	5,606,400
	13,360,478	5,802,900
Profit and Loss Account		
As per last Balance Sheet	85,963,130	74,687,023
Add: Profit for the year	10,105,029	11,276,107
	96,068,159	85,963,130
Total	111,434,137	92,159,030

3. LONG-TERM BORROWINGS

Secured

From Banks :

Term Loan From UCO Bank	-	36,241,695
Term Loan From Axis Bank	29,185,805	-
Vehicle Loans From HDFC Bank Ltd.	513,095	904,268

Unsecured

From Others :

Term Loan From Magma Fincorp Ltd.	741,526	-
Term Loan From Religare Finvest Ltd.	1,018,033	-

Deposits :

Deposit From Franchisees	615,000	665,000
	32,073,460	37,810,963

3.1 Maturity Profile of Term Loans are set out below :

	upto 1 year	1-2 years	2-3 years	3-4 years	Beyond 4 years
Secured : Term Loan from Axis Bank	15,576,000	11,649,000	7,198,000	6,204,000	4,134,877
Secured : Vehicle Loans from HDFC Bank	891,173	302,025	-	-	-
Unsecured: Term Loan from Magma Fincorp Ltd.	1,128,826	722,760	61,884	-	-
Unsecured: Term Loan from Religare Finvest Ltd.	1,064,598	820,611	241,727	-	-

3.2 The Term Loan from Axis Bank is secured by hypothecation of Indore & Goa fixed assets
The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, Mr. Vyangesh Choksi.

3.3 Term Loans from Religare & Magma are personally guaranteed by the director Mr. Vyangesh Choksi.

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
4. DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Related to fixed assets	20,919,328	17,888,272
Deferred Tax Assets		
Disallowances under the Income Tax Act, 196 1	868,178	342,253
Others	<u>1,850,220</u>	<u>-</u>
Net Deferred Tax Liability	<u>18,200,930</u>	<u>17,546,019</u>
5. SHORT-TERM BORROWINGS		
Secured		
* Working Capital Loans From Banks		
Rupee Loans		
Cash Credit From UCO Bank	-	34,527,953
Cash Credit From Axis Bank	27,731,480	-
Unsecured		
Other Loan and Advances		
from Other Body Corporates	-	1,500,000
	<u>27,731,480</u>	<u>36,063,251</u>
5.1 Working Capital Loans are secured by joint hypothecation of running stocks of consumable and all Book debts both present and future alongwith Indore and Goa Fixed Assets		
*The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, Mr.Vyangesh Choksi		
6. TRADE PAYABLES	AS AT 31st March, 2012	AS AT 31st March, 2011
Micro, Small and Medium Enterprises	-	-
Others	13,966,044	17,978,612
	<u>13,966,044</u>	<u>17,978,612</u>
6.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:		
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
7. OTHER CURRENT LIABILITIES		
Advance payments from Customers	3,044,977	4,190,603
Tax Liabilities: Service Tax Payable & TDS Payable	9,419,817	4,141,597
Current maturities of Long Term Debt (Note 3.1)	18,660,597	14,001,808
Credit Balances of Staff & Others	95,692	-
	<u>31,221,082</u>	<u>22,334,008</u>
8. SHORT-TERM PROVISIONS		
Provision for employee benefits	8,676,239	5,831,273
Provision for Income Tax	2,627,906	5,143,656
Provision for Expenses	1,580,126	1,109,774
	<u>12,884,271</u>	<u>12,084,703</u>

NOTES ON FINANCIAL STATEMENTS

9: FIXED ASSETS

Name of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Total As at 01.04.2011	Additions during the Year	Deductions during the Year	Total As at 31.03.2012	As at 01.04.2011	For the Year	Deductions during the Year	Total As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land (Freehold) Indore	7,452,689	-	-	7,452,689	-	-	-	-	7,452,689	7,452,689
Land (Leasehold) Goa	5,330,200	-	-	5,330,200	-	-	-	-	5,330,200	5,330,200
Instruments	144,419,561	10,609,756	47,835	154,981,482	38,316,202	6,978,280	1,093	45,293,389	109,688,093	106,103,359
Computers	15,371,159	2,756,840	1,097,823	17,030,176	8,426,492	2,541,601	1,097,823	9,870,270	7,159,906	6,944,668
Air Conditioners	2,081,606	76,390	-	2,157,996	465,719	136,391	-	602,110	1,555,886	1,615,887
Electrical Installation	8,136,034	183,847	-	8,319,881	2,747,379	581,990	-	3,329,369	4,990,511	5,388,655
Furniture & Fixtures	23,971,304	332,894	-	24,304,198	6,112,436	1,530,094	-	7,642,530	16,661,668	17,858,868
Buildings	41,577,849	814,949	-	42,392,798	6,983,006	1,392,697	-	8,375,703	34,017,094	34,594,843
Office Equipment	3,088,936	191,462	-	3,280,398	783,692	150,225	-	933,917	2,346,481	2,305,244
Motor Car	7,995,838	1,716,305	-	9,712,143	2,453,691	775,213	-	3,228,904	6,483,239	5,542,147
Motor Cycle	701,397	144,903	36,691	809,609	337,648	70,531	21,632	386,547	423,062	363,749
Total	260,126,572	16,827,346	1,182,349	275,771,569	66,626,261	14,157,023	1,120,549	79,662,735	196,108,834	193,500,310
Previous Year	196,881,990	76,211,561	12,966,980	260,126,571	64,248,835	11,071,868	8,694,440	66,626,261	193,500,310	132,633,156

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
10. CAPITAL WORK IN PROGRESS (AT COST)		
Building	869,897	-
Furniture & Fixtures	4,513,132	-
Instruments	861,875	-
Air Conditioner	102,620	-
Electrical Installation	740,890	-
Computers	288,385	65,175
	<u>7,376,799</u>	<u>65,175</u>
11. LONG-TERM LOANS & ADVANCES (Unsecured considered good) Recoverable in cash or in kind or for value to be received		
(a) Capital Advances	-	-
(b) Other Loans and Advances	930,844	808,699
 Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member NIL		
	<u>930,844</u>	<u>808,699</u>
12. OTHER NON CURRENT ASSETS		
Long Term Trade Receivables	-	-
Others :		
Prepayments & Others	2,341,358	623,856
Deposits	5,250,250	5,110,904
	<u>7,591,608</u>	<u>5,734,760</u>
13. TRADE RECEIVABLES (Unsecured Considered Good)		
: Outstanding for a period exceeding six months	11,677,786	12,353,810
: Others	42,925,235	36,535,192
 Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member NIL		
	<u>54,603,021</u>	<u>48,889,002</u>
14. CASH & CASH EQUIVALENTS		
i) a) Balances with Banks	3,376,004	877,935
b) Cheques, Drafts on hand	-	1,096
c) Cash in hand	913,016	493,299
ii) Balances with bank to the extent held as margin money or security against the borrowings, guarantees, other commitments (These Banks deposits are with more than 12 months maturity)	12,125,016	11,422,369
	<u>16,414,036</u>	<u>12,794,699</u>

NOTES ON FINANCIAL STATEMENTS

		AS AT 31st March, 2012		AS AT 31st March, 2011
15. SHORT TERM LOANS & ADVANCES				
(Unsecured Considered Good)				
Advances for Capital Assets		14,100,000		1,800,000
Loans to other body corporates other than related parties		-		25,504,154
Misc advances		80,472		642,624
Service Tax Credit Unutilised		118,701		1,278,714
Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member	NIL			
		14,299,173		29,225,492
16. OTHER CURRENT ASSETS				
Income Tax Refundable		3,489,158		4,114,444
Minimum Alternative Tax Credit Entitlement		129,239		-
Tax Deducted at Source		9,563,792		7,382,150
Prepayments & Others		3,361,278		1,028,851
Advance to staff		55,555		69,787
Advance to suppliers		240,697		72,971
		16,839,719		12,668,203
17. REVENUE FROM OPERATIONS				
a) Sale of Services	167,044,406		143,269,846	
Less: Service Tax	14,983,498	152,060,908	13,058,928	130,210,918
b) Other Operating Revenues:				
Net gain on foreign currency transactions	13,034		4,884	
Profit on sale of Fixed Assets	10,035		-	
Sample Collection & Forwarding Chg.	-		181,342	
Miscellaneous Income	245,780	268,849	18,097	204,323
		152,329,757		130,415,241
18. OTHER INCOME				
Interest on FDR		749,159		701,037
Interest on IT Refund		289,211		323,491
Interest Received from Others		2,725,158		656,992
		3,763,528		1,681,520
19. COST OF MATERIALS CONSUMED				
	% of consumption	2011-2012	%of consumption	2010-2011
Imported	1.13	206,123	-	-
Indigenous	98.87	18,008,545	100	16,047,015
	100	18,214,668	100	16,047,015
19.1 PARTICULARS OF MATERIALS CONSUMED				
Glassware		809,052		721,383
Chemicals		12,004,734		9,381,224
Consumable		5,400,882		5,944,408
		18,214,668		16,047,015

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
20. EMPLOYEE BENEFITS EXPENSES		
Salaries and allowances to staff	38,880,189	29,247,564
Contribution to provident fund	2,385,043	1,745,973
Contribution to ESIC	854,427	638,826
Bonus to Staff	2,032,100	1,410,185
Group Gratuity Premium of LIC	1,984,991	1,142,976
EDLI Premium to LIC	65,717	41,543
Staff Welfare	397,289	329,301
Directors Remuneration & Sitting Fees	4,860,000	2,617,00
	51,459,756	37,173,868

20.1 As per Accounting Standard 15 "Employee benefits", the disclosure as defined in the Accounting Standard are given below:

	As at 31/03/2012	As at 31/03/2011
1) Defined Contribution Plans		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under:		
Employer's Contribution to Provident Fund	3,305,187	2,426,342
2) Defined Benefit Plan		
The employees' gratuity Fund Scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
i) Assumption As on	31/03/2012	31/03/2011
Discount Rate	8.00%	8.00%
ii) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Present value of obligations as at beginning of year	2,593,542	1,850,616
Interest cost	207,483	148,049
Current Service Cost	568,095	333,323
Benefits Paid	(518,604)	(430,823)
Actuarial (gain)/ loss on obligations	1,229,601	692,377
Present value of obligations as at end of year	4,080,117	2,593,542
iii) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of plan assets at beginning of year	985928	1108626
Expected return on plan assets	79334	85727
Contributions	357614	222398
Benefits Paid	(518604)	(430823)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	904272	985928
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	985928	1108626
Actual return on plan assets	79334	85727
Contributions	357614	222398
Benefits Paid	(518604)	(430823)
Fair value of plan assets at the end of year	904272	985928
Funded status	(3175845)	(1607614)
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
v) Actuarial Gain/Loss recognized		
Actuarial (gain)/ loss on obligations	(1229601)	(692377)
Actuarial (gain)/ loss for the year - plan assets	NIL	NIL

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
	1229601	692377
	1229601	692377
vi) The amounts to be recognized in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	4080117	2593542
Fair value of plan assets as at the end of the year	904272	985928
Funded status	(3175845)	(1607614)
Net asset/(liability) recognized in the balance sheet	3175845	1607614
vii) Expenses Recongnised in statement of profit and loss		
Current Service cost	568095	333323
Interest Cost	207483	148049
Expected return on plan assets	(79334)	(85727)
Net Acturial (gain)/ loss recognized in the year	1229601	692377
Expenses recognised in statement of Profit and loss	1925845	1088022

	AS AT 31st March, 2012	AS AT 31st March, 2011
21. FINANCE COSTS		
Interest to Bank		
(a) on Term Loans	6,991,303	3,198,591
(b) on Working Capital Loans	4,874,820	2,471,146
Interest to Others	1,552,657	375,275
Bank charges	1,018,882	468,659
	14,437,662	6,513,671
22. OTHER EXPENSES		
Direct Expenses		
Laboratory Expenses	5,905,174	3,758,959
Power & Fuel Charges	4,834,357	3,958,521
Insurance: Instruments & Building	131,014	118,760
Freight / Transportation Charges	169,315	204,336
Testing Charges	803,227	901,056
NABL/BIS/NPL - Asstt. Charges	172,070	417,561
Repair & Maintenance – Instruments & Building	4,693,593	5,422,703
Training & Certification Charges	277,000	585,582
	16,985,750	15,367,477
Selling and Distribution Expenses		
Advertisement Expenses	104,334	224,121
Business Promotion Expenses	2,285,716	2,227,266
Commission & Brokerages	2,951,568	2,090,823
Discount Allowed	435,784	681,023
Bad Debts Written Off	621,558	814,112
	6,398,960	6,037,345
Establishment Expenses		
Security Service Charges	981,819	506,260
Housekeeping Charges	244,056	231,373
Telephone & Mobile Expenses	710,878	673,937
Internet Expenses	1,225,216	890,795
Postage & Courier Charges	744,569	693,218
Conveyance Expenses	378,864	329,219
Vehicle Running & Maintenance	990,035	775,149
Computer Expenses	1,332,383	1,916,107
Guest House Expenses	79,758	80,967
Printing & Stationery Expenses	1,812,390	1,815,755
Books & Periodicals	47,270	120,146
Rent	5,032,223	4,101,202

NOTES ON FINANCIAL STATEMENTS

	AS AT 31st March, 2012	AS AT 31st March, 2011
Directors sitting fees	18,000	5,000
Insurance on Vehicle	95,643	77,066
Insurance on Others	326,565	292,697
Garden Maintenance Charges	114,239	114,690
Office Expenses / Maintenance charges	384,519	427,974
Office Repair & Maintenance Charges	215,934	165,470
Membership Fees & Subscriptions	53,641	87,859
Placement Expenses	26,299	114,200
Legal Expenses	251,236	466,236
Professional Charges	1,284,071	1,556,536
Auditor's Remuneration	150,000	150,000
Tender Expenses	5,860	5,000
Rates & Taxes	305,801	296,681
Registration / Filing / Licence Renewal Fees	53,737	101,982
Listing Fees	193,924	166,525
Penalty Charges	25,200	500
Donation	24,000	15,000
Travelling Expenses	4,174,071	3,921,060
Loss on Sale of Fixed Assets	-	2,171,440
	21,282,201	22,270,043
Total	44,666,911	43,674,865
22.1 PRIOR PERIOD EXPENSES		
Gratuity	-	519,592
Repairs & Maintenance- AMC Charges	23,957	-
	23,957	519,592
22.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
Capital Goods	1,510,521	23,000,050
Consumables	206,123	-
	1716,644	23,000,050
22.3 PAYMENT TO AUDITORS AS :		
Statutory Audit Fees	150,000	150,000
Certification & Other Services	-	25,000
	150,000	175,000
22.4 EXPNDITURE IN FOREIGN CURRENCY		
Travelling Expenses	669,143	204,628
Membership Fees	52,010	-
	721,153	204,628
23. EARNINGS IN FOREIGN EXCHANGE		
FOB Value of Exports	434,734	163,397
24. EARNINGS PER SHARE (EPS)		
i) Net Profit for the year attributable to equity shareholders	10,105,029	11,276,108
ii) Weighted Average number of Equity Shares for Basic EPS	6,041,932	5,085,333
iii) Weighted Average number of Equity Shares for Diluted EPS	6,041,932	5,537,686
iv) Face Value per equity share Amount in (Rs.)	10	10
v) Earnings per Share (Basic)	1.67	2.22
vi) Earnings per Share (Diluted)	1.67	2.04
25. Segmental Reporting : The Company is engaged in the sole segment of Analysis and Testing. There are, therefore, no separate segments within the Company as defined by AS-17 (Segmental Reporting) issued by the ICAI.		

NOTES ON FINANCIAL STATEMENTS

26. Related Party Disclosures :

Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

1. Related Parties

(a) Individual having control & Key Management Personnel

Mr. Sunil Choksi	Managing Director
Mrs. Himika Varma	Jt. Managing Director
Mrs. Stela Choksi	Whole Time Director
Mr. Vyangesh Choksi	Whole Time Director

(b) Relatives of KMP

Mrs. Neeta Shah
D. G Choksi HUF
Mrs. Khyati Choksi

2. Disclosure of transactions between the Company and Related Parties and the Status of outstanding balances as at March 31, 2012:

Nature of Transactions	Individual having Control and KMP	Relatives of KMP	Outstanding balance as on 31-03-2012
Remuneration	4860000	---	296499
Commission	---	916474	391044
Salary	---	427320	27796
Rent	300000	1136820	---
Deposit Given	---	Op. Bal. 20 Lacs	2000000
Warrant Application Money Received	---	3015156	---
Loan Taken	2650000	---	---
Loan Repaid	2650000	---	---

27. Operating Leases :

i)	Obligation on Non-cancelable operating leases :	
	a) not later than one year	6,58,132
	b) later than one year and not later than five years	1,44,408
	c) later than five years	8,30,346
ii)	Total of minimum sub-lease payments expected	NIL
iii)	Lease payments recognized in the statement of Profit & Loss for the Period	50,32,223
iv)	Sub lease payments received or receivable recognized in P&L A/c during the period	NIL
v)	General description of significant leasing arrangements	Various Properties for Commercial use
	a) Description of the assets taken on operating lease	
	b) Basis on which contingent rent payments are determined	Basis taken as per the lease agreements with the lessor
	c) Terms of renewal or purchase options and escalation clauses of lease arrangements	All lease agreements are general and can be renewed after expiry of the lease period. No purchase options specifically mentioned in the agreement.
	d) Restrictions imposed by lease agreements, if any	Not to sub-lease

NOTES ON FINANCIAL STATEMENTS

28. Contingent liability not provided for in respect of :

- (a) Guarantees issued by Bank of behalf of the Company Rs. 8,772,608/- (Previous year Rs. 8,433,912)
- (b) Service Tax Rs. Nil (Previous year Rs 708,349/-)
- (c) Income Tax Demand A.Y. 2009-10 Rs. 576960/- (the Company has undergone for Appel before CIT (Appeals) (Previous year - Nil).

29. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)
Rs. 4.21 Crores (Previous year Rs. 0.22 Crores)

30. Disclosure in terms of Accounting Standard "Impairment Losses : "

	31-3-2012	31-3-2011
i) Amount of impairment Losses recognized in the Profit & Loss A/c	Nil	Nil
ii) Amount of reversal of impairment losses recognized in the Profit & Loss A/c	Nil	Nil
iii) Amount of impairment losses recognized directly against revaluation surplus	Nil	Nil
iv) Amount of reversals of impairment losses recognized directly in revaluation surplus	Nil	Nil

Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

ATTENDANCE SLIP

19th ANNUAL GENERAL MEETING, 27th September, 2012

*DPID _____

Reg. Folio No. _____

No. of Shares Held _____

I Certify that I am a registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 19th, Annual General Meeting of the Company at 6/3, Manoramaganj, INDORE (M.P.) on Thursday, the 27th September, 2012 at 11.00 A. M.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

----- Tear Here -----

Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

PROXY FORM

*DPID _____

Folio No _____

No. of Shares Held _____

I/We _____

of _____

Being a member(s) **CHOKSI LABORATORIES LIMITED** hereby appoint _____

_____ of

_____ of failing him _____

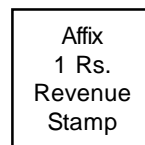
of _____

as my/our proxy to vote for me/us on my/our behalf at the 19th, Annual General Meeting of the Company to be held on 27th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Note : The proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The proxy need not be a member of the Company :

*Applicable to the members whose shares are held in Demat form.



Signature _____

Book - Post

To,

If undelivered, Please return to :
Choksi Laboratories Limited
6/3, Manoramaganj, INDORE - 452 001 (M. P.)

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